

2004 MICHIGAN

SBT Credit for Small Businesses and Contribution Credits

Issued under authority of P.A. 228 of 1975. See instruction booklet for filing guidelines.

**2004
C-8000C**

Form Code 2

1. Name	2. Federal Employer Identification Number (FEIN) or TR Number
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TAX and CREDIT FOR SMALL BUSINESSES

The standard small business credit and the alternate tax are **NOT** available if any of the following conditions exist:

- Gross receipts exceed \$10,000,000; **or**
- Adjusted business income after loss adjustment exceeds:
 - a. \$475,000 for corporations, partnerships and L.L.C.'s
 - b. \$115,000 for an individual or fiduciary; **or**
- Any shareholder or officer has allocated income after loss adjustment of over \$115,000, or any partner has distributive share of income after loss adjustment of over \$115,000, as determined on C-8000KC or C-8000KP. Form C-8000KC or C-8000KP must be attached.

The standard small business credit and the alternate credit must be **REDUCED** if any individual, shareholder or officer has allocated income after loss adjustment of over \$95,000 but not over \$115,000, or any partner has distributive share of income after loss adjustment of over \$95,000 but not over \$115,000, as determined on Form C-8000KC or C-8000KP. Form C-8000KC or C-8000KP must be attached.

Note: Members of controlled groups must attach a copy of Form C-8009, *SBT Allocation of Statutory Exemption, Standard Small Business Credit, and Alternate Tax for Members of Controlled Groups*.

If **not** claiming a small business credit, go to line 28 to claim contribution credits.

PART 1: ADJUSTED BUSINESS INCOME

3. Business income from C-8000, line 11	3. ....	.00
4. Capital loss carryover or carryback from C-8000, line 21	▶ 4. ....	.00
5. Net operating loss carryover or carryback from C-8000, line 22	▶ 5. ....	.00
6. Subtotal. Add lines 3, 4 and 5	6. ....	.00
7. Compensation and director fees of active shareholders from C-8000KC, line 6	▶ 7. ....	.00
8. Compensation and director fees of officers from C-8000KC, line 7	▶ 8. ....	.00
9. Adjusted business income. Add lines 6, 7 and 8. If less than zero, enter 100% on line 13	9. ....	.00

PART 2: SMALL BUSINESS CREDIT

10. Tax base from C-8000, line 32	10. ....	.00
11. Tax base for credit. Multiply line 10 by 45% (.45)	11. ....	.00
12. Income percentage. Divide line 9 by line 11 and multiply by 100 to find percentage	12.	%
13. Credit percentage. Subtract line 12 from 100%. If line 9 exceeds line 11, this credit cannot be taken. Go to line 16 to calculate alternate tax	13.	% (not to exceed 100%)
14. Tax from C-8000, line 44	TAX 14. ....	.00
15. Standard Small Business Credit. Multiply line 13 by line 14	15. ....	.00
16. Alternate tax. Multiply line 9 by 2% (.02)	16. ....	.00
17. Alternate Credit. Subtract line 16 from line 14	17. ....	.00
18a. Small business credit. Enter the greater of line 15 or 17	18a. ....	.00
b. Reduced small business credit. Use the Reduced Credit Table on page 2 of this form to find the reduced credit percentage. Multiply line 18a by _____%	18b. ....	.00
19. Tax after small business credit. Subtract line 18a or 18b, whichever is applicable, from line 14	▶ 19. ....	.00

If gross receipts are equal to or less than \$9 million and contribution credits are not being claimed, enter the amount on line 19 on Form C-8000, line 45. Otherwise, go to page 2.

Continue on page 2.

PART 3: GROSS RECEIPTS REDUCTION**Complete this section if gross receipts are more than \$9,000,000 but not more than \$10,000,000.**

20. Gross receipts from C-8000, line 10. See instructions for tax years less than 12 months 20. _____ .00
21. Excess gross receipts. Subtract \$9,000,000 from line 20 21. _____ .00
22. Excess percentage. Divide line 21 by \$1,000,000 22. _____ %
23. Allowable percentage. Subtract line 22 from 100% 23. _____ %
24. Tax from line 14 or C-8000, line 44 24. _____ .00
25. Multiply the percentage on line 23 by the credit on
line 18a or line 18b, whichever is applicable 25. _____ .00
26. **Tax after small business credit.** Subtract line 25 from line 24 **26.** _____ .00

If no contribution credits are claimed, enter the amount on line 26 on Form C-8000, line 45.**PART 4: CONTRIBUTION CREDITS****Complete this section ONLY if claiming contribution credits. See the instructions for these credits on page 24.**

27. Enter the amount from line 19 or 26, whichever applies. Affiliated or controlled groups
or entities under common control, enter the amount from C-8009, line 33 or 34 27. _____ .00
28. If you **did not claim a small business credit**, enter the amount from C-8000, line 44 28. _____ .00
- 29a. Community Foundations** donations **29a.** _____ .00
- b. **Credit.** Enter the smaller of 50% of line 29a, \$5,000, or 5% of the tax on C-8000, line 43 29b. _____ .00
- c. Find the code on page 73 for any community
foundations contributed to and enter here **29c.** _____
30. Subtract line 29b from line 27 or 28 30. _____ .00
- 31a. Homeless Shelter/Food Bank Credit** donations **31a.** _____ .00
- b. **Credit.** Enter the smaller of 50% of line 31a, \$5,000
or 5% of the tax on C-8000, line 43 31b. _____ .00
32. Subtract line 31b from line 30 32. _____ .00
- 33a. Public Contributions** **33a.** _____ .00
- b. **Credit.** Enter the smaller of 50% of line 33a, \$5,000, or 5% of line 32 33b. _____ .00
- 34a. Public Utility Property Tax** for taxable year **34a.** _____
- b. **Credit.** Enter 5% of line 34a. This amount cannot exceed the tax liability 34b. _____ .00
35. Add lines 33b and 34b 35. _____ .00
36. **Tax After Credits.** Subtract line 35 from line 32. Enter here and on Form C-8000, line 45 36. _____ .00

REDUCED CREDIT TABLE

If allocated income* is:	The reduced credit is:
\$0 - \$ 95,000	100% of the small business credit
\$95,001 - \$ 99,999	80% of the small business credit
\$100,000 - \$104,999	60% of the small business credit
\$105,000 - \$109,999	40% of the small business credit
\$110,000 - \$115,000	20% of the small business credit

*See page 6 for tax years less than 12 months.

Instructions for Form C-8000C, Credit for Small Businesses and Contribution Credits

Purpose: To allow taxpayers to choose either the standard or alternate small business credit and to claim contribution credits.

The small business credit is reduced if an individual, a partner in a partnership or shareholder or officer of a corporation has allocated income after loss adjustment of more than \$95,000. This reduction is based on the individual/partner/officer/shareholder with the largest allocated income.

①**Note:** For the purpose of computing the small business credit, a member of an LLC is treated as a partner if the LLC is taxed as a partnership.

General Instructions - Eligibility

Taxpayers are **not** eligible for either the standard small business credit or the alternate tax if any of the following conditions exist:

- Gross receipts exceed \$10 million.
- Adjusted business income after loss adjustment exceeds:
 - \$475,000 for corporations, partnerships and LLCs
 - \$115,000 for individuals or fiduciaries.
- Any shareholder or officer has allocated income after loss adjustment of over \$115,000 or any partner has distributive share of income after loss adjustment of over \$115,000, as determined on Form C-8000KC or Form C-8000KP.
- ✓ **Corporations - Allocated income** for regular corporations is either:
 - a. Shareholders' or officers' compensation and directors' fees from Form C-8000KC, column K, or
 - b. Shareholders' compensation, directors' fees and share of business income, after loss adjustment, or loss from Form C-8000KC, column M.

If either a or b is greater than \$115,000, the corporation is not eligible for the small business credit. In addition, if either a or b is more than \$95,000 but not more than \$115,000, the corporation must reduce the small business credit based on the individual/partner/officer/shareholder with the largest allocated income.

- ✓ **S Corporation - Allocated income** for S Corporations is shareholders' compensation, directors' fees and share of business income, after loss adjustment, or loss from Form C-8000KC, column M.

If the tax year is less than 12 months, gross receipts, adjusted business income, partners' and shareholders' or officers' share of business income must be annualized to determine eligibility and to compute the small business credit. If annualized gross receipts exceed \$9 million but

do not exceed \$10 million, annualize figures to compute Part 3. Part-year partners or shareholders must annualize their share of business income to determine their eligibility. See Annualizing on page 6.

Loss Adjustment. If taxpayers are not eligible for the full small business credit or the alternate tax calculation due to an adjusted business income or allocated income disqualifier, they may benefit from Form 3307, *SBT Loss Adjustment Worksheet for the Small Business Credit*, on page 25. If the adjusted business income was less than zero in any of the five years immediately preceding the tax year for which a taxpayer is claiming a credit and a small business credit was received for that same year, then adjust for the loss. A loss adjustment will not affect a reduction to the small business credit based on gross receipts that exceed \$9 million. It will also not change the amount of allocated income on Form C-8000KC, Column K for a C Corporation.

Controlled groups or entities under common control, as defined in the IRC, are not eligible for the standard small business credit or alternate tax unless the business activities of the entities are consolidated, whether or not a consolidated SBT return is filed. This means the gross receipts, adjusted business income and tax base of **all** members of the group must be combined to determine eligibility and to compute this credit.

In other words, if the combined gross receipts exceed \$10 million, the combined adjusted business income after loss adjustment exceeds \$475,000, or any one individual, partner, shareholder or officer has allocated income after loss adjustment of more than \$115,000 from any one member of the group, the group is not eligible for the credit.

If the group is eligible and files a consolidated SBT return, compute either the standard small business credit or alternate tax on a consolidated basis using Form C-8000C.

If separate SBT returns are filed, determine the combined credit and each member's share of the credit on Form C-8009, *SBT Allocation of Statutory Exemption, Standard Small Business Credit and Alternate Tax for Members of Controlled Groups*, on page 57. Attach a copy of Form C-8009 to each member's SBT return.

Line-By-Line Instructions

Lines not listed are explained on the form.

Line 2, Account Number. Enter the same account number used on page 1 of the annual return.

① **Note:** Skip to line 28 if this form is being used only to claim contribution credits and not a small business credit.

PART 1: Adjusted Business Income

Business income is adjusted by loss carryforwards and carrybacks from Form C-8000, *Single Business Tax Annual Return*. It is also adjusted by compensation and director's fees of active shareholders and officers from Form C-8000KC, *SBT Schedule of Shareholders and Officers*, on page 43.

PART 2: Small Business Credit

Compute either the standard or alternate credit.

The alternate tax computation is a simplified way of computing SBT while still allowing a small business credit. If filing **only** the alternate tax, a taxpayer may be able to complete Form C-8044, *Single Business Tax Simplified Return*, on page 17, instead.

① **Note:** The Simplified Return does not allow a contribution credit to be claimed or the calculation for reduced credit percentage required if an individual, partner in a partnership or shareholder or officer of a corporation has allocated income after loss adjustment of more than \$95,000. Form C-8000, *Single Business Tax Annual Return*, must be filed.

Taxpayers may want to compute tax with the standard small business credit and with the alternate credit, then choose the most advantageous credit.

① **Note:** If an individual, partner in a partnership or shareholder or officer of a corporation has allocated income after loss adjustment of more than \$95,000, a reduction to the small business credit is required. This reduction is based on the individual/partner/officer/shareholder with the largest allocated income. No reduction is required if allocated income is \$95,000 or less. Use the Reduced Credit Table on the form to determine the reduced credit that applies.

① **Note:** For the purpose of computing the small business credit, a member of an LLC is treated as a partner if the LLC is taxed as a partnership.

Line 18b, Reduced Small Business Credit. Enter the percent from the Reduced Credit Table on the form and multiply line 18a by that amount. Enter the result on line 18b.

Line 19, Tax After Small Business Credit. Subtract either line 18a or 18b, whichever applies, from line 14 and enter on this line.

① **Note:** If gross receipts are equal to or less than \$9 million and no contribution credits are being claimed, enter this amount on Form C-8000, line 45.

PART 3: Gross Receipts Reduction

Complete this section only if gross receipts are more than \$9 million but do not exceed \$10 million. Annualize for tax periods less than 12 months.

Line 26, Tax After Small Business Credit. If contribution credits are not being claimed, enter this amount on Form C-8000, line 45.

PART 4: Contribution Credits. Complete Part 4 only to claim contribution credits.

Line 29, Community Foundations Credit. A partial credit is allowed when donating to the endowment fund of a certified community foundation. A complete list of Certified Community Foundations is on page 73. Write the foundation code on line 29c. If a valid code is not entered, a credit will not be received.

Line 31, Homeless Shelter/Food Bank Credit. A partial credit is allowed when making a cash donation to a qualifying shelter for homeless persons, food kitchen, food bank or other entity whose primary purpose is to provide overnight accommodations, food or meals to indigent persons. For more information, request *Revenue Administrative Bulletin 1992-10*.

① **Note:** Individuals and fiduciaries claiming credits under Section 261 of the Income Tax Act are not eligible for the Community Foundation Credit or the Homeless Shelter/Food Bank Credit.

Line 33, Public Contribution Credit.

✓ **Corporations, Partnerships and Limited Liability Companies** - A partial credit is allowed when donations are made during the taxable year to institutions of higher learning located in Michigan, Michigan public libraries, the Michigan colleges foundation, public broadcasting stations located in Michigan and any nonprofit corporation, fund, foundation, trust or association organized and operated exclusively for the benefit of institutions of higher learning located in Michigan.

Line 34, Public Utility Property Tax Credit.

✓ **Corporations** - Enter the total of all taxes imposed for the taxable year under P.A. 282 of 1905. This credit is for taxes assessed on properties of railroad, telegraph and other public utility companies. Taxpayers whose business activities consist of transportation services other than oil or gas by pipeline are not eligible for this credit.

Line 36, Tax After Credits. Subtract line 35 from line 32. Enter the result on Form C-8000, line 45.

Attach this schedule to the return.